Supreme Court, U.S.
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IN THE
Supreme Court of the United States

OCTOBER TERM 1988

NO. 88-637

CAPITAL CONTROLS COMPANY, INC.,
Petitioner

vs.

CHLORINATORS, INC., AND JAMES F. HASKETT,
Respondents

REPLY TO RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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REPLY TO RESPONDENTS' ARGUMENTS

Contrary to Respondents' assertion, this case *does* involve a matter of public importance. This case involves a conflict between two public policies: the policy set forth in the U.S. Constitution, Art. 1, §8, which authorizes Congress ". . . to promote the progress of science and useful arts . . ." by providing for the grant of patents and the policy favoring the protection of the public against the premature injection of unproven technology into the mainstream of commerce. The policy conflict is most pronounced in situations such as the present where new technology is intended to guard the public health. This case does, therefore, merit review by this Court.

Respondents argue that because the patent claims do not mention chlorine, successful field testing of equipment with chlorine was not necessary to reduce the invention to practice as held by the Federal Circuit. In the Stenberg patent, however, chlorine *is* disclosed as an example of a gas useful for injection into water treatment systems (Col. 1, lines 20-59). It was only after equipment embodying the new technology was proven by Petitioner that Respondents copied and sold it, not for use with any gas, but for use with *chlorine*.

Respondents acknowledge in their brief that the Federal Circuit looked beyond the facts found by the trial court. Petitioner does not eschew the stipulated facts. However, contrary to Respondents' assertions, the Federal Circuit did not confine its review to the stipulated facts.

The Federal Circuit went beyond the trial court's fact findings and stipulated facts and reviewed portions of the trial transcript testimony of witnesses Haskett, Wentz and Barnard. However, without giving due deference to Rule 52(a), the Federal Circuit found from their testimony facts with which it counterbalanced the facts found by the trial judge.

For example, Respondent Haskett's admission directly to the trial judge that the Kalamazoo transaction was a "field test" was not only completely disregarded by the Federal Circuit, but it was even excised by the Federal Circuit in its quotation of Haskett's trial testimony. The Federal Circuit gave no deference to the opportunity of the trial judge to assess the credibility of this highly interested witness, who not only participated in the pricing of the Kalamazoo equipment, but regarded the application for the Stenberg patent as an asset of Capital Controls when he disposed of his interest in the company in 1971 in exchange for over $1,000,000 in stock.

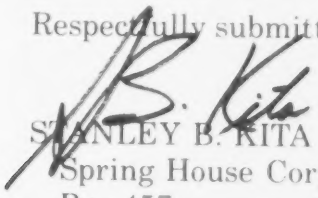
The Federal Circuit went even beyond the record, however, when it made the unfounded assertion that: because Capital Controls did not deny making a profit on the Kalamazoo transaction, evidence that Capital Controls made a profit on the Kalamazoo transaction undermined its contention that the equipment was still experimental.

Respondents assert that because this Court declined recently to review *UMC Electronics*, *supra*, the present case does not merit consideration of the correctness of the Federal Circuit's abolition in 1987 of the reduction to practice requirement in 102(b) cases. In *UMC Electronics*, *supra*, there had been no reduction to practice of the claimed invention, but equipment embodying the invention was held to be on-sale because it was quoted in a bid on a large government contract. Here, in contrast, the trial judge specifically found as fact that the Stenberg invention had not been reduced to practice prior to the sale *and* that the sale of three items of equipment was made in furtherance of a *bona fide* desire to have Kalamazoo test the invention for its intended purpose to chlorinate public water supplies.

This case presents squarely the question of how far the Federal Circuit's recent interpretation of the so-called "experimental use" exception to 35 U.S.C. §102(b) has strayed from this Court's long-standing interpretation as laid down in 1878 in the *City of Elizabeth*, supra.

This Petition should be granted.

Respectfully submitted,



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